

## New! -- On-line Exit Counseling

As an alternative to in-person counseling sessions, schools may now conduct exit counseling using computer assisted technology. The on-line exit counseling sessions must meet the same conditions that apply to computer assisted entrance counseling:

- An individual with knowledge of Title IV student financial assistance programs must be readily available to answer questions within a reasonably short period of time -- the same day or the next day -- after a borrower has completed the counseling program.

Schools may allow borrowers to submit questions by e-mail or telephone and may answer questions by e-mail or telephone. However, schools must respond promptly (the same day or the next day) and must be able to document that the borrower received the e-mail or that someone spoke with the borrower. Leaving a voice mail response to a borrower's questions is not acceptable.

- A borrower must not be able to circumvent or exit the counseling program before the session has been completed.
- Schools must be able to document that the student has completed the counseling.
- The information given to a borrower during the counseling session must meet all applicable regulatory requirements.
- Schools that offer computer assisted counseling are strongly encouraged (but not required) to provide borrowers with written materials as a supplement to the counseling session. ■

*(Rogers contd.)*

## Serving Students and Schools Better

*A seamless financial aid system should exist with a single point of contact for applying, receiving, and repaying federal aid."*

**Diane E. Rogers**  
*NASFAA July, 1998*

Harnessing Change: Serving Students and Schools Better was the theme of ED's update at the annual conference of the National Association of Student Financial Aid Administrators in Chicago. Diane E. Rogers, *Acting Deputy Assistant Secretary for Student Financial Assistance*, highlighted the year's accomplishments in student financial aid and discussed the ongoing challenges of



modernizing student aid delivery.

**Acting Deputy Assistant Secretary Rogers at NASFAA**

*Photo by David Joel, Wilmette, IL*

The emerging Information Age and its effect on postsecondary education and student financial aid was among the topics discussed during the annual update on the Department's Federal Student Aid program.

*(See Rogers, page 2)*

Rogers discussed Internet advances, citing FAFSA on the Web, the Information for Financial Aid Professional (ifap) web site, and the Direct Loan borrower account information site, which gives direct loan borrowers access to up-to-date account information. Future plans include replacing the Title IV WAN with the Internet, launching a pilot program to allow students to access the National Student Loan Data System (NSLDS), and expanding services on the web for Direct Loan borrowers.

She cited other SFA accomplishments: the education tax cuts, the continual fall in the cohort default rates, consolidation of all student aid processing into one data center, and streamlining of a number of student aid forms, including the paper FAFSA. By cutting the length of the FAFSA in half, some 100 million fewer sheets of paper will be needed to print next year's FAFSA, and students and their families will be able to complete the application in three-quarters of the time.

### A five-star delivery system

Rogers closed with her vision for student financial assistance: a five-star delivery system for student financial aid that is cost-effective, timely, accurate, and focused on the needs of customers. "A seamless financial aid system should exist with a single point of contact for applying, receiving, and repaying federal aid" Rogers said. Students or families will be able to apply quickly, receive funds simply and promptly, and access information as needed via the Internet. Enhanced oversight will be in place; obsolete computers will be replaced. Prototype and pilot projects will be used to continually test new and innovative ideas.

The roads to this vision include: improving existing systems through pilot programs and initiatives; expanding services on the Internet and encouraging electronic data exchange; building the foundation for modernization by contracting by function, improving data quality, and implementing a performance based organization; moving forth with re-engineering the student aid delivery system through the design work in Project EASI; and experimenting with new ways, such as debit cards, to deliver student aid.

Rogers concluded with two promises to schools: one, that the Department will carefully consider the impact

on all institutions before asking for changes to their systems. And second, the Department will do its best to minimize burdens on schools by helping with software and technical assistance and providing as much notice as possible about upcoming changes. ■



**Don Griggs, College of Charleston; Dan Hayward, Rosemary Beavers & Lexi Byers, U.S. Department of Education staff, at NASFAA**

*Photo by David Joel, Wilmette, IL*

| 1998 Poverty Guidelines |  |          |           |
|-------------------------|--|----------|-----------|
| Famil<br>y<br>Size      | All States<br>(except Alaska<br>and Hawaii)<br>including DC* | Alaska** | Hawaii*** |
| 1                       | \$8,050  | \$10,070 | \$9,260   |
| 2                       | 10,850   | 13,570   | 12,480    |
| 3                       | 13,650   | 17,070   | 15,700    |
| 4                       | 16,450   | 20,570   | 18,920    |
| 5                       | 19,250   | 24,070   | 22,140    |
|                         |  |          |           |

|   |        |        |        |
|---|--------|--------|--------|
| 6   | 22,050 | 27,570 | 25,360 |
| 7   | 24,850 | 31,070 | 28,580 |
| 8   | 27,650 | 34,570 | 31,800 |
| *For family units with more than 8 members, add \$2,800 for each additional member.<br>**For family units with more than 8 members, add |        |        |        |

## New Lower Student Loan Interest Rates

On July 1, 1998, interest rates on new federal student loans dropped nearly a full percentage point, saving students hundreds of dollars and in some cases thousands in the long term. Under the new rates a typical 4-year college student with a \$12,000 average debt would save \$650 in interest over a standard 10-year repayment period.

The new rates apply to Stafford loans made on or after July 1 under the Direct Loan and FFEL programs. Consistent with the Department's policy to set Direct Consolidation Loan rates equal to the interest rate on new Stafford loans, the interest rate on Direct Consolidation Loans dropped as well. For loans in an in-school, grace or deferment period the interest rate was reduced from 7.66 percent to 6.86 percent and from 8.25 percent to 7.46 percent on loans not in an in-school, grace or deferment period.

The interest rate reduction was adopted as part of a temporary, three-month, bipartisan measure recently enacted by Congress and signed into law by the President on June 9. The Administration hopes to reach an agreement with Congress on a permanent interest rate change that would be included in the Higher Education Act (HEA) reauthorization bill.

On July 9, the Senate passed the reauthorization of the Higher Education Act which includes the measure to lower student interest rates. A Senate and House Conference Committee will meet to work out the differences between the Senate bill and the House companion bill that passed on May 6. For additional information: ■

\$3,500 for each additional member.  
\*\*\*For family units with more than 8 members, add \$3,220 for each additional member.

**Information provided by the U.S. Department of Health and Human Services, 1998**

<http://www.ed.gov/offices/OPE/Reauthor/>  
<http://www.ed.gov/PressReleases/06-1998>

## Multi-Year Promissory Note to be Implemented in Academic Year 1999-2000

Beginning with Academic Year 1999-2000, the Department of Education will introduce a new Master Promissory Note (Master Note) to be used to make federal Stafford loans for both the Direct Loan and Family Federal Education Loan (FFEL) programs. The Master note will allow borrowers to execute one multi-year promissory note their first year and receive loans based on this note in subsequent years. The Master Note was designed with the help of representatives from schools and students.

### *First year implementation*

The Master Note is designed to be used as an annual and multi-year prom note. Direct Loan and FFEL programs will have separate but similar Master Notes that will be available for use in the 1999-2000 academic year. The multi-year aspect of the Master Note will go into effect for the 2000-2001 academic year.

In the first several years, the use of the Master Note as a multi-year document will be targeted to the student population most likely to borrow on a multi-year basis. This includes students at four-year and graduate/professional schools that wish to participate, as well as certain other schools designated by ED.

Under the Master Note concept, all borrowers will sign a Master Note the first year they borrow. This note will be used to make future loans unless the borrower transfers to a school not using the note on a multi-year basis. Borrowers at schools not using the multi-year note will sign a new note each year they borrow.

### *Schools to test various borrower confirmation methods*

Some schools will be asked to participate in a test group to evaluate ways for students to request and obtain release of loan funds using the school's existing technology and processes. This may include a school voice response unit (VRU), e-mail, Internet, smart card, or renewal of FASFA on the web.

The Department is pleased to launch this new initiative to streamline the student loan process -- making it easier for students and schools. Look for detailed information about the Master Note in a future Dear Colleague letter. ■

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## ANNOUNCEMENTS

### New on the Web (<http://www.ed.gov/DirectLoan>)

#### For financial aid professionals

The 1998-99 *Direct Loan Quality Assurance Planning Guide* is now available on the Direct Loan web site in portable document format (pdf).

#### For borrowers

Borrowers can now download the *Direct Consolidation Loan Application* in portable document format (pdf) from the Direct Loan web site.

The new *Direct Consolidation Loan calculator* lets borrowers compare the initial monthly payment amounts under the various Direct Loan repayment plans. The calculator includes a worksheet that contains all education loans that may be consolidated into a Direct Consolidation Loan. The loans are divided according to type: Subsidized, Unsubsidized, and PLUS loans. The borrower enters each loan balance into the correct field then selects the loans to be consolidated. As the borrower enters loan balances, the loans are calculated and a summary of payments for each repayment plan will be displayed.

#### Coming Attractions

Later this Fall, borrowers will have the option of applying for Direct Consolidation Loans on line. Schools will have access to Exit and Entrance Counseling modules online. ■

### Register On Line for Electronic Access Conferences

The U.S. Department of Education will hold the 1998 Electronic Access Conferences in November and December. This year's theme is "Connect for Success." To register on line and receive confirmation visit the conference web site at <http://edeworkshop.walcoff.com> For additional information, call (800) 615-1189. Conference dates and locations are: ■

November 17-19, 1998  
Westin Crown Center, Kansas City, MO

December 1-3, 1998  
Marriott Wardman Park, Washington, DC

December 15-17, 1998  
Hotel Del Coronado, San Diego, CA

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